

TAB A

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A model is proposed which expresses consumer satisfaction as a function of expectation and expectancy disconfirmation. Satisfaction, in turn, is believed to influence attitude change and purchase intention. Results from a two-stage field study support the scheme for consumers and nonconsumers of a flu inoculation.

A Cognitive Model of the Antecedents and Consequences of Satisfaction Decisions

A recent wave of interest in research on consumer satisfaction has stimulated several thoughtful interpretations of the causes and effects of satisfaction cognitions. Reviews of the literature (Day 1977; La-Tour and Peat 1979; Ölander 1977; Oliver 1977) suggest that two constructs, performance-specific expectation and expectancy disconfirmation, play a major role in satisfaction decisions. The purpose of this article is to extend this body of literature in a manner which will permit one to integrate the suggested antecedents and some hypothesized cognitive consequences into a coherent framework of satisfaction-related concepts.

Expectation and Disconfirmation Effects

Early propositions linking disconfirmed expectations to subsequent consumer satisfaction were advanced by Engel, Kollat, and Blackwell (1968, p. 512-15) and Howard and Sheth (1969, p. 145-50), although little evidence in the product performance area could be cited to support the seemingly obvious conclusion that satisfaction increases as the performance/expectation ratio increases. This view was based largely on the results of a seminal laboratory study by Cardozo (1965). Since that time, further experiments in the laboratory (Anderson 1973; Cohen and Goldberg 1970; Olshavsky and Miller 1972; Olson and Dover 1976, 1979; Woodside 1972) and longitudinal surveys in the field (Oliver 1977; Swan 1977) have suggested that the satisfaction decision is more complex.

Though writers do agree that expectations are a factor in postpurchase evaluations, viewpoints differ on the process of expectancy disconfirmation. Some conclude that the latter phenomenon exists implicitly whenever expectations are paired with disparate performance, others view it as a comparative process culminating in an immediate satisfaction decision, and still others view it as a distinct cognitive state resulting from the comparison process and preceding a satisfaction judgment.

Insight on this issue can be gained from prior research in the fields of social and applied psychology. Almost without exception, reviewers and early researchers in the areas of job, life, self, and patient satisfaction agree that satisfaction is a function of an initial standard and some perceived discrepancy from the initial reference point (see, variously, Andrews and Withey 1976; Campbell, Converse, and Rodgers 1976; Ilgen 1971; Locke 1969; Locker and Dunt 1978; Shrauger 1975; Spector 1956; Watts 1968; Weaver and Brickman 1974.) Although many researchers choose to measure discrepancies objectively, reviewers of the early dissonance studies (e.g., Watts 1968; Weaver and Brickman 1974) were among the first to argue that individuals implicitly make summary comparative judgments apart from and as an input to their feelings of satisfaction. This perspective is the one used here.

The research cited strongly suggests that the effects of expectation and discrepancy perceptions may be additive. Specifically, expectations are thought to create a frame of reference about which one makes a comparative judgment. Thus, outcomes poorer than expected (a negative disconfirmation) are rated below this reference point, whereas those better than expect-

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ed (a positive disconfirmation) are evaluated above this base.

Researchers in job satisfaction (e.g., Ilgen 1971; Smith, Kendall, and Hulin 1969) have noted that this additive interpretation is modeled well by Helson's (1948, 1959) adaptation level theory which posits that one perceives stimuli only in relation to an adapted standard. The standard is a function of perceptions of the stimulus itself, the context, and psychological and physiological characteristics of the organism. Once created, the "adaptation level" serves to sustain subsequent evaluations in that positive and negative deviations will remain in the general vicinity of one's original position. Only large impacts on the adaptation level will change the final tone of the subject's evaluation.

As applied to satisfaction decisions, one's level of expectation about product performance, however created, can be seen as an adaptation level. Expectations are influenced by the same factors that Helson (1959) suggested in his discussion of adaptation phenomena, namely (1) the product itself including one's prior experience, brand connotations, and symbolic elements, (2) the context including the content of communications from salespeople and social referents, and (3) individual characteristics including persuasibility and perceptual distortion. Postdecision deviations from the adaptation level are thought to be caused by the degree to which the product exceeds, meets, or falls short of one's expectations, i.e., positive, zero, or negative disconfirmation. Satisfaction, then, can be seen as an additive combination of the expectation level and the resulting disconfirmation.

A growing number of studies suggest that this paradigm may be useful in the study of consumer satisfaction. Data from the laboratory and the field have shown that both expectation and disconfirmation affect postexposure product reactions. Specifically, in investigations where expectations have been manipulated or measured prior to product exposure, significant expectation effects have been observed consistently. Interested readers are referred to Olshavsky and Miller (1972), Anderson (1973), Olson and Dover (1976), Oliver (1977), Swan (1977), and Linda and Oliver (1979).

Investigations demonstrating significant disconfirmation effects include those of Cardozo (1968), Cohen and Goldberg (1970), Woodside (1972), and Olson and Dover (1979). Of note are four two-stage field studies (Oliver 1977; Swan 1977; Gilly 1979; Linda and Oliver 1979) where the disconfirmation effect was measured independently of expectation level through the use of hierarchical ANOVA and partial regression coefficients. The results of each of these studies showed that expectations measured before product exposure were uncorrelated with subsequent expectancy disconfirmation, thus permitting an additive interpretation. Moreover, significant disconfirmation

effects, larger in magnitude than that of expectation, were observed in all cases. To date, these studies offer encouraging support for an adaptation level interpretation of satisfaction decisions.

Cognitive Postpurchase Consequences

Much of the literature on postpurchase satisfaction pertains to the behavioral criteria of complaining and repurchase (see Robinson 1979 for review). Development of the cognitive ramifications is largely theoretical at this point in time, but is well grounded in the literature on emotional affect (attitude). Generally, it is agreed that satisfaction interacts with other cognitions of an emotional nature (Homans 1961). Howard and Sheth (1969, p. 147) recognized this notion explicitly. In their notation:

$$A_{t+2} = f(S_{t+1} - A_t) + A_t$$

where:

A_t = prepurchase attitude,
 S_{t+1} = immediate postpurchase satisfaction, and
 A_{t+2} = revised postpurchase attitude.

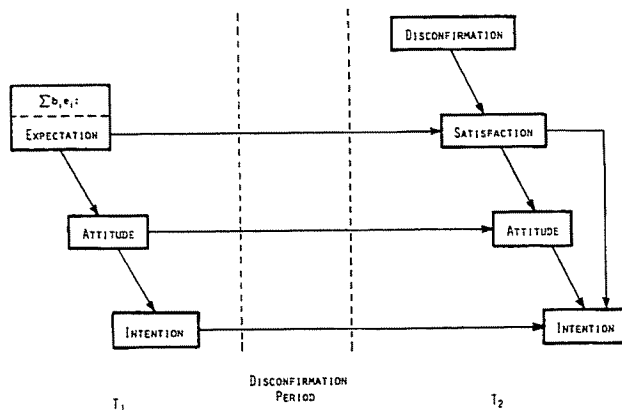
The difference, $(S_{t+1} - A_t)$, is a cognitive comparison between anticipated satisfaction (represented by A_t) and received satisfaction. It is, in effect, a disconfirmation at the more abstract affect level rather than at the more objective attribute level.

The Howard and Sheth (1969) equation can be reinterpreted in light of Fishbein's (1967) work on the components of attitudes and with respect to the research cited previously. If one views expectations as belief probabilities of attribute occurrence, a recommendation originally proposed by Olson and Dover (1976), it is readily apparent that these beliefs perform two functions. First, they serve to provide the foundation for attitude formation and, second, they serve as an adaptation level for subsequent satisfaction decisions. Satisfaction, in turn, can be seen as a function of the expectation (adaptation) level and perceptions of disconfirmation. In a similar manner, the revised postpurchase attitude at t_2 can be viewed as a function of the initial attitude at t_1 and the influence of one's sense of satisfaction/dissatisfaction. Thus:

attitude (t_1) = $f(\text{expectations})$
 satisfaction = $f(\text{expectations, disconfirmation})$
 attitude (t_2) = $f(\text{attitude } (t_1), \text{ satisfaction})$

The postpurchase model can be expanded further by including purchase intentions. In fact, a later version of the Howard and Sheth model (Howard 1974) explicitly recognizes that satisfaction experiences influence future purchase intention as well as postpurchase attitude. Most consumer behaviorists would agree that a dissatisfying product purchase should decrease one's inclination to repurchase. If one also recognizes that the most immediate precursor of behavioral intention is attitude (Fishbein and Ajzen 1975),

Figure 1
COGNITIVE MODEL OF THE ANTECEDENTS AND
CONSEQUENCES OF SATISFACTION DECISIONS



and that prior intention at t_1 may act as the adaptation level for future intention at t_2 , two equations can be added to those already proposed:

$$\begin{aligned} \text{intention } (t_1) &= f(\text{attitude } (t_1)) \\ \text{intention } (t_2) &= f(\text{intention } (t_1), \text{satisfaction}, \\ &\quad \text{attitude } (t_2)) \end{aligned}$$

Figure 1 is a path diagram of the system of equations suggested here.

Study Objective

The main purpose of the author's study is to provide a more substantial and simultaneous test of the relationships among expectation, disconfirmation, satisfaction, and the traditional criteria of attitude and purchase intention than has been performed to date. In the conduct of the study, attempts were also made to improve certain methodological shortcomings peculiar to much of the prior satisfaction research. The refinements include use of an actual "purchase" situation with a lengthy "consumption" period, analysis of nonpurchasers, comparison of consumer and student samples, and development of operationalizations of expectation, disconfirmation, and satisfaction.

METHOD

Procedure and Design

The study is an extension of an earlier field study on a nonrecurring federal flu vaccination program. Details of the first stage, wherein questionnaires measuring attitudes and intentions toward the flu inoculation were mailed to residents of a medium-size SMSA before the vaccine became available, are given by Oliver and Berger (1979). At the officially designated end of the flu season, those subjects responding to the first wave of the study were sent a second questionnaire asking for their feelings toward the federal flu program and flu shots in retrospect. Includ-

ed in this survey were measures of behavior, disconfirmation, attitude, and future intention in the event of another identical flu campaign. One followup request with a duplicate questionnaire and postage-paid return envelope was made to stimulate compliance.

Subjects

Two thousand residents of a south-central city (a 1% sample) were selected from the telephone directory by systematic random sampling to receive the questionnaire used in the study. In addition, 1,000 students from a major state university in the community were asked on a random basis to participate in the survey. Forty-five percent of the contacted student population and 28% of the residents receiving questionnaires responded to the first wave of the study. Of these respondents, 76% of the students and 79% of the community at large returned the second survey. On the basis of respondent self-reports, 80% of the residents and 66% of the students elected to receive the flu shot. After deletion of a small number of respondents for whom complete data were not available, the samples used in the study consisted of 291 resident and 162 student "vaccinees," and 65 resident and 86 student "nonvaccinees."

Nonresponse bias was examined by comparing the resident demographic profile with the county census figures. The data showed that the sample contained a disproportionate number of males, whites, and residents in high income brackets. The first of these findings was thought to derive from the sample frame because head of household telephone listings are likely to be in the husband's name. The second and third reflect interest in and actual response to the flu campaign under study. Further elaboration is given by Oliver and Berger (1979).

Measures

Preexposure variables. Expectations were measured as the perceived belief probabilities attributed to eight consequences of receiving the flu shot in response to suggestions by Olson and Dover (1976). Because it was believed that one's expectations involve not only the probability of outcome occurrence but also the evaluation of that outcome, the overall expectation measure was viewed as the sum of belief-evaluation products (Fishbein and Ajzen 1975). The probabilistic measure of beliefs about outcomes was obtained by asking the subjects to scale the possibility of occurrence of each consequence of receiving the flu shot on a 5-point scale ranging from "no chance" to "certain." The evaluation component was measured by asking respondents to evaluate each consequence on a 5-point good-bad scale.

A 9-item semantic differential scale was used to obtain a summary measure of one's overall attitude toward getting the inoculation. The coefficient alpha scale reliability over both samples combined was 0.94.

A continuous measure of behavioral intention was obtained by asking respondents to indicate the "chances in 10" that they would get a flu shot on an 11-point scale ranging from "no chance" to "certain."

Postexposure variables. Three approaches have been used to operationalize the disconfirmation concept. In an historical mode, numerous studies have measured the objective discrepancy between expectations and performance outcomes to arrive at a difference score. (See, for example, Foa 1957; Ilgen 1971; Morris, Crull, and Winter 1976; Spector 1956; Weaver and Brickman 1974). More recently, others have used the difference between preexposure and postexposure ratings with equally favorable results (Madden, Little, and Dolich 1979; Oliver 1977; Swan 1977). In all studies cited, the difference score was found to be significantly related to postexposure satisfaction or affect scales.

In other recent work, researchers have attempted to capture the consumer's summary judgment of overall disconfirmation on a "better than expected-worse than expected" scale (Aiello, Czepiel, and Rosenberg 1977; Linda and Oliver 1979; Oliver 1977; Swan and Trawick 1980; Westbrook 1980). These results paralleled and, in some cases, exceeded those using difference scores.

For the purpose of the present study, overall better-worse than expected scales were used for the disconfirmation measures. Individual attribute data were also collected by means of a probabilistic disconfirmation scheme which compared prior probabilities with the occurrence or nonoccurrence of predicted states of nature. Preliminary results showed that the summary measures displayed a more meaningful relationship to satisfaction. Interested readers are referred to Oliver (1980).

For the subset of respondents who indicated that they had been inoculated, a 2-item overall disconfirmation scale based on the perceived benefits of receiving the inoculation and the problems associated with it was constructed. These subjects were first asked to reflect on the problems encountered with the shot and to indicate on a 7-point scale whether these problems were "much more serious than expected" at the one extreme through "pretty much as expected" at the midpoint to "much less serious than expected" at the other extreme. Subjects were then asked to consider the benefits received and, on a similar scale, to check whether they were "much less than expected" at the negative extreme to "much greater than expected" at the positive extreme. Both items were summed to form the inoculation group disconfirmation scale. The unvaccinated group was asked to indicate on a similar 7-point item whether they were "much worse off than expected" at the one extreme, "as well off as expected" at the midpoint, or "much better off than expected" at the other extreme as a result of their decision not to get the flu inoculation.

The satisfaction measure was a 6-item Likert scale constructed for this study. All items were emotional in content (Hunt 1977) and included references to the respondent's outright satisfaction, regret, happiness, and general feelings about the decision to receive or not to receive the shot.¹ The coefficient alpha reliability of this scale over all subjects was 0.82; analysis showed that no item deletions would improve this value. Postexposure attitude and intention toward getting a similar flu shot in the future if it were offered were measured on scales identical to those used in the preexposure questionnaire. Finally, inoculation behavior was obtained in self-report fashion.²

Analysis

A just-identified fully recursive path analysis (Duncan 1975; Wright 1934) was applied to the four samples (two respondent groups by two inoculation categories) to test the theoretical scheme suggested here. The complete system of tested equations, with variables arrayed in order of their suggested temporal precedence, is shown in Table 1. If the variables are expressed in standard form (Z_i), the coefficients (p_{ji}) are directly interpretable as standardized regression (path) coefficients where j and i denote the dependent and independent variables, respectively.³

A complete recursive system was selected for analysis rather than the abbreviated, overidentified system in Figure 1 for three reasons. First, the path coefficients obtained with a just-identified framework are unique in that only one solution to the estimates is possible. Second, a test of a fully recursive model is considered to be a fairly stringent analysis of a temporally ordered system because "troublesome" paths cannot be eliminated *a priori*. Third, heuristically, some evidence attesting to the nature of the adaptation level may emerge. Because the three

¹The six items were:

- I am satisfied with my decision to get or not to get a flu shot.
- If I had it to do all over again, I would feel differently about the flu shot program.
- My choice to get or not to get a flu shot was a wise one.
- I feel bad about my decision concerning the flu shot.
- I think that I did the right thing when I decided to get or not to get the flu shot.
- I am *not* happy that I did what I did about the flu shot.

²Actual inoculation behavior was obtained from health department records and was used to classify respondents for a second set of identical analyses. The results were very similar to those reported here. Differences in findings were reflected most typically in higher coefficients of determination with the use of actual behavior as the classification variable. The decision to use self-report data was made on the basis of a high likelihood that many "true" inoculated respondents were omitted because of recording and nonreport errors.

³Maximum likelihood estimates of the path coefficients were also calculated using LISREL (Jöreskog and van Thillo 1972) with nearly identical results. The author thanks Richard P. Bagozzi for his advice and assistance.

Table 1
HYPOTHESIZED RELATIONSHIPS BETWEEN THE ANTECEDENTS AND CONSEQUENCES OF
SATISFACTION ARRAYED IN ORDER OF TEMPORAL PRECEDENCE

Variable	Structural equations
Z_1 : Expectation	—
Z_2 : Attitude (t_1)	$p_{21}Z_1^a$
Z_3 : Intention (t_1)	$p_{31}Z_1 + p_{32}Z_2^a$
Z_4 : Disconfirmation	$p_{41}Z_1 + p_{42}Z_2 + p_{43}Z_3$
Z_5 : Satisfaction	$p_{51}Z_1 + p_{52}Z_2 + p_{53}Z_3 + p_{54}Z_4^a$
Z_6 : Attitude (t_2)	$p_{61}Z_1 + p_{62}Z_2 + p_{63}Z_3 + p_{64}Z_4 + p_{65}Z_5^a$
Z_7 : Intention (t_2)	$p_{71}Z_1 + p_{72}Z_2 + p_{73}Z_3 + p_{74}Z_4 + p_{75}Z_5 + p_{76}Z_6^a$

^aA significant coefficient is hypothesized.

preexposure variables remain in subsequent regressions simultaneously, it is possible that one may dominate as an anchor for all postpurchase evaluations. This information would not be available if the preexposure components were selectively matched with their postexposure counterparts.

One major disadvantage of this approach is multicollinearity. Because the preexposure variables are thought to be related, they may be highly correlated. Significant degrees of correlation between variables may render the path coefficients unstable and subject to sampling variations. The extent of this problem is readily observed when results are compared over the four respondent samples used here. Alternatively, similar findings over the sample groups would indicate that the weights are fairly stable despite the inherent multicollinearity among antecedents.

RESULTS

Correlations between variables for the resident and student inoculation and non-inoculation samples show, first, that all preexposure measures are associated with

all attitudinal postexposure measures (satisfaction, attitude, and intention) with the exception of intention in the student inoculation sample.⁴ Second, no preexposure measure is correlated with disconfirmation in any sample. Third, the sequence of postpurchase events, satisfaction → attitude → intention, appears to be supported in both inoculation samples in that the satisfaction-intention correlation is lower than the satisfaction-attitude and attitude-intention correlations (Blalock 1964). The effect of disconfirmation, however, is not unique to satisfaction but appears to affect all postexposure criteria.

Tables 2 and 3 show the results obtained when the variables are entered into the path analysis in order of suggested temporal precedence. Analysis of the inoculation group postexposure data reveals, first, that disconfirmation is independent of all preexposure

⁴Variable intercorrelation matrices for both inoculation groups over the two samples, not reported here because of space limitations, are available from the author.

Table 2
PATH COEFFICIENTS OBTAINED FROM THE INOCULATION GROUP DATA

Variable	Structural equation ^a	R ²
Z_1 : Expectation	—	
Z_2 : Attitude (t_1)	$.49Z_1^b$ $.48Z_1^b$.24 ^b .23 ^b
Z_3 : Intention (t_1)	$.06Z_1 + .56Z_2^b$ $.06Z_1 + .57Z_2^b$.35 ^b .36 ^b
Z_4 : Disconfirmation	$.05Z_1 + .05Z_2 - .10Z_3$ $.02Z_1 - .15Z_2 + .10Z_3$.01 .01
Z_5 : Satisfaction	$.07Z_1 + .21Z_2^b + .04Z_3 + .33Z_4^b$ $.17Z_1^c + .15Z_2 + .14Z_3 + .47Z_4^b$.19 ^b .35 ^b
Z_6 : Attitude (t_2)	$.11Z_1 + .26Z_2^b - .05Z_3 + .22Z_4^b + .45Z_5^b$ $.20Z_1^b + .06Z_2 - .09Z_3 + .26Z_4^b + .48Z_5^b$.49 ^b .49 ^b
Z_7 : Intention (t_2)	$-.05Z_1 + .01Z_2 + .10Z_3 + .09Z_4 + .15Z_5^b + .53Z_6^b$ $-.04Z_1 - .24Z_2^b + .17Z_3^c - .01Z_4 + .26Z_5^b + .47Z_6^b$.48 ^b .43 ^b

^aParameters for the first equation in each pair were obtained from the resident sample ($n = 291$); those for the second were calculated from the student sample ($n = 162$).

^b $p < .01$.

^c $p < .05$.

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Table 3
PATH COEFFICIENTS OBTAINED FROM THE NON-INOCULATION GROUP DATA

Variable	Structural equations ^a	R ²
Z ₁ : Expectation	—	—
Z ₂ : Attitude (t ₁)	.43Z ₁ ^b	.19 ^b
	.54Z ₁ ^b	.30 ^b
Z ₃ : Intention (t ₁)	.16Z ₁ + .64Z ₂ ^b	.52 ^b
	.06Z ₁ + .65Z ₂ ^b	.47 ^b
Z ₄ : Disconfirmation	.05Z ₁ - .17Z ₂ + .06Z ₃	.02
	-.17Z ₁ - .03Z ₂ + .00Z ₃	.03
Z ₅ : Satisfaction	-.16Z ₁ - .23Z ₂ - .04Z ₃ + .34Z ₄ ^b	.27 ^b
	.11Z ₁ - .40Z ₂ ^b - .15Z ₃ + .32Z ₄ ^b	.34 ^b
Z ₆ : Attitude (t ₂)	.07Z ₁ + .11Z ₂ - .10Z ₃ - .14Z ₄ - .55Z ₅ ^b	.43 ^b
	.18Z ₁ + .40Z ₂ ^b - .19Z ₃ - .10Z ₄ - .42Z ₅ ^b	.53 ^b
Z ₇ : Intention (t ₂)	-.10Z ₁ + .02Z ₂ + .33Z ₃ ^c - .24Z ₄ ^c - .20Z ₅ + .32Z ₆ ^b	.53 ^b
	-.05Z ₁ - .23Z ₂ + .33Z ₃ ^b - .12Z ₄ - .25Z ₅ ^c + .48Z ₆ ^b	.53 ^b

^aParameters for the first equation in each pair were obtained from the resident sample (n = 65); those for the second were calculated from the student sample (n = 86).

^bp < .01.

^cp < .05.

measures and thus may be considered exogenous to the system. Satisfaction, in turn, is a function of disconfirmation and a linear combination of preexposure variables. Attitude appears to be the primary determinant of adaptation level in the resident sample, whereas the expectation measure receives the highest coefficient in the student sample. The disconfirmation measure, however, appears to produce the greatest impact on satisfaction in both cases.

Analysis of postusage attitude in the inoculation group reveals that satisfaction is the primary determinant, as hypothesized, and that disconfirmation also has significant impacts in both samples. Coefficients obtained with the preexposure expectation and attitude variables are similar to those found in the regressions on satisfaction. Analysis of the intention criterion for this same group suggests that both postexposure attitude and satisfaction affect future purchase probabilities, as hypothesized. Surprisingly, no preexposure variable, including intention, appears to have any impact in the resident group. Among the student sample, however, postusage intention is influenced

by prior intention in accord with the theoretical discussion. The same equation also yields a negative preexposure attitude coefficient, best explained by suppressor effects (see Darlington 1968).

The postexposure results on the non-inoculation group closely resemble those obtained with the vaccinated group. Specifically, disconfirmation is unrelated to any of the expectation variables, whereas satisfaction is significantly related to disconfirmation in both samples and to preexposure attitude in the student sample. (The negative coefficient is due to the direction of scaling on the attitude measure.) The attitude coefficient in the resident sample is greater than 0.2 in magnitude but does not attain significance because of the small sample size involved.

As hypothesized, postusage attitude is a function of satisfaction in both non-inoculated samples. In the student group one's prior attitude appears to provide an adaptation level whereas in the resident group no preexposure measure yields a significant coefficient. Analysis of the postexposure intention variable shows that postusage attitude and preexposure intention

Table 4
SUMMARY OF SIGNIFICANT COEFFICIENTS OVER TWO SAMPLES AND USAGE GROUPS

Dependent variable	Users		Non-users	
	Residents	Students	Residents	Students
Attitude (t ₁)	Exp	Exp	Exp	Exp
Intention (t ₁)	Att ₁	Att ₁	Att ₁	Att ₁
Disconfirmation	—	—	—	—
Satisfaction	Att ₁ , Disc	Exp, Disc	Disc	Att ₁ , Disc
Attitude (t ₂)	Att ₁ , Disc, Sat	Exp, Disc, Sat	Sat	Att ₁ , Sat
Intention (t ₂)	Sat, Att ₂	Int ₁ , Sat, Att ₂	Int ₁ , Disc, Att ₂	Int ₁ , Sat, Att ₂
		(Att ₁ as suppressor)		

emerge as antecedents in both non-inoculation samples. Disconfirmation also produces a significant coefficient in the resident group.

Table 4 summarizes the findings over the two samples and two usage groups. The findings of interest to this study pertain to the four postexposure variables. The first, disconfirmation, is unrelated to any preexposure variable in all cases. Satisfaction is related to disconfirmation in all samples and to either preexposure attitude or the expectation measure in three of four sample groups. Of these, attitude appears to serve the adaptation level function in two of the three.

Postexposure attitude is a function of satisfaction in all sample groups and a function of disconfirmation in the inoculation groups. In accord with the regression results found with the satisfaction criterion, preexposure attitude apparently was used as an adaptation level for postexposure attitude in two of three cases where a preexposure variable yields a significant coefficient. Finally, postexposure intention is related to one's revised attitude in all cases, to satisfaction in three, and to preexposure intention—the apparent adaptation level—in three. On balance, the theoretical scheme in Figure 1 appears to be a fairly accurate representation of the cognitive processes used in the satisfaction decisions investigated here.

DISCUSSION

Despite the fact that this study differs in many respects from prior investigations, the findings support the results of earlier studies on the expectation effect and recent interpretations of the disconfirmation effect (Oliver 1977; Swan 1977; Weaver and Brickman 1974). Specifically, postusage ratings of satisfaction appear to be a function of a linear combination of an adaptation level component (expectations or prior attitude) and disconfirmation.

Two items are worthy of note in relation to the findings. First, the adaptation level effect is remarkably resistant to extinction. In prior studies, expectation creation, product exposure, and postexposure evaluation all occurred in the span of a very short time. When small time frames are used, one could argue that primacy or recall effects are operating. In the present study, however, the seven-month time span between the pretest and posttest makes recall a less likely explanation for the obtained findings. Apparently, the underlying beliefs which give rise to expectation formation are internalized to the extent that the summary expressions of attitude or, perhaps, intention persist over some unspecified period of time.

The second observation one might make about the results in Tables 2 and 3 concerns the large disconfirmation effect evident in all regressions on satisfaction. Though it is conceivable that the significant disconfirmation coefficients are due to method variance in that disconfirmation was measured with

the same instrument as satisfaction, one must remember that disconfirmation does not occur until after product exposure and that subsequent cognitive reactions probably follow soon thereafter. Until a three-stage study is conducted whereby satisfaction is measured at a point in time subsequent to and separate from the disconfirmation assessment, one must conclude that the disconfirmation effect is at least as potent as the effect attributed to expectation.

Moreover, the path-analytic results suggest that disconfirmation is well positioned in the proposed theoretical satisfaction framework in that the most immediate impact appears to be on satisfaction, as hypothesized. The effect of disconfirmation on later stages of the model (postexposure attitude and intention), however, does not appear to have the same pervasive influence as the adaptation level variables in a multivariate perspective.

Implications for a model of consumer satisfaction. The data reported here provide support for an integrated model of consumer satisfaction which dovetails well with the more general attitude models such as that suggested by Fishbein (1967). Specifically, satisfaction appears to mediate changes between preexposure and postexposure attitudinal components. The nature of the mediatorial process is predicted by Helson's (1948) adaptation level theory whereby preexposure cognitions serve as the consumer's adaptation level. A cognitive comparison between the adaptation level and actual product experience (disconfirmation) determines the manner in which subsequent evaluations will deviate from the adaptation level. These evaluations then become a revised adaptation level used in future product performance evaluations.

Suggested consequences of satisfaction decisions, namely revised attitude and intention in that respective order, are reflected well by the results shown in Tables 2 and 3. In fact, the satisfaction → postattitude → postintention sequence is well supported in all samples. The data show that the coefficients attributed to satisfaction in the attitude regressions are much greater in magnitude than the other explanatory variables in the model. An analogous pattern of results holds for the regression of intention on attitude and its antecedents. Although more concrete behavioral criteria such as complaining behavior and repeat purchasing were not investigated, the cognitive postexposure response pattern appears to support current theoretical views of satisfaction effects (Andreasen 1977; Day 1977).

Data from the unvaccinated respondents provide encouraging support for the satisfaction model in two ways. First, the two nonuser groups can be viewed as validation samples in that independent assessments of the parameter coefficients are provided. Generally, the results show that the magnitudes and pattern of coefficients are in accord with those obtained on the user groups. Second, results from the non-inoculation

groups suggest that the the proposed framework of cognitive processes operates for satisfaction decisions in a more general mode. Apparently consumers respond to the ramifications of nonpurchasing (e.g., opportunity costs, vicarious relief and regret) in the same manner as they do for the purchase itself.

Methodological issues and limitations. Although the findings reported here are consistent with a number of proposed theoretical frameworks and with the results and conclusions of prior studies, two methodological issues require elaboration. The first and most problematical pertains to the measures used for the expectation and disconfirmation variables. In accord with recommendations made by Olson and Dover (1976), Fishbein scaling (Fishbein and Ajzen 1975) was used in the present study. The results show that belief-evaluation products perform the function of an adaptation level in some cases, but that one's overall attitude seems to act as the cognitive anchor on a more frequent basis. It may be argued that one's attitude somehow captures the totality of the expectation level and that it provides the baseline for other cognitions of an overall nature, particularly satisfaction.

Problems also remain in the operationalization of the disconfirmation construct. Although a 2-item summary concept was used here, disconfirmation ultimately takes place at the individual attribute level, suggesting that an attribute-specific measure may yield greater insight. Ideally, one would wish to obtain postpurchase perceptions of the expected attitude levels to demonstrate that a set of expectations had, in fact, been disconfirmed. Earlier studies used attribute rating change scores to measure attribute disconfirmations. More recent ongoing works by Suprenant (1977) and the author are exploring the use of better-worse-than expected attribute-specific scales, and other researchers are currently working on multiple-item overall disconfirmation scales in bipolar adjective format.

The author regrets that the attribute level approach taken in this study (reported by Oliver 1980) did not yield more encouraging results. The overall scales used hopefully served to capture the net cognitive feeling of the disconfirmation experience. Limited prior research has shown that overall measures may be more highly correlated with postpurchase evaluations than are aggregates of individual attribute pre and post comparisons (Oliver 1977), a position analogously taken by Fishbein and Ajzen (1975) in their discussion of attitude development. A better understanding of the disconfirmation construct is expected to emerge as work develops in the satisfaction area.

Finally, the sample frame used here remains a potential source of error. A national sample of respondents was not used; the resident sample was drawn from one community. Moreover, the response rate was not particularly high. An analysis of respondent

demographic features indicated that the resulting bias may be toward higher income white respondent categories. It should be noted, however, that parallel analyses of the student sample suggest that the residents may be representative of the population on a correlational basis. For example, no consistent differences were observed between the regression results obtained with the student and community samples. Individual readers must decide, however, whether this fact is sufficient evidence for the representativeness of the resident sample.

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TAB B

Consumer Behavior and Marketing Strategy

Sixth Edition

J. Paul Peter

University of Wisconsin, Madison

Jerry C. Olson

Pennsylvania State University



**McGraw-Hill
Irwin**

Boston Burr Ridge, IL Dubuque, IA Madison, WI New York San Francisco St. Louis
Bangkok Bogotá Caracas Kuala Lumpur Lisbon London Madrid Mexico City
Milan Montreal New Delhi Santiago Seoul Singapore Sydney Taipei Toronto



Timberland outerwear products Robert Holmes/CORBIS.

manufacturing. Timberland switched from an assembly line to a team approach where marketing, finance, manufacturing, and product development work together. This helped eliminate waste, cut product development time from 18 months to 6, and reduced the time it takes to deliver goods. According to its Web site, Timberland has earned a reputation for crafting the best boots in the world.

Sources: M. Tedeschi, "Rugged Shoe Makers Prolong the Adventure," *Sporting Goods Business*, February 24, 1999, p. 36; M. Tedeschi, "Timberland Bones Up with Endoskeleton," *Sporting Goods Business*, August 6, 1999, p. 18; Donna Rosato and Judith Schroer, "Timberland Steps into Fashion," *USA Today*, December 14, 1993, pp. 1B, 2B. Copyright 1993, *USA Today*. Reprinted with permission; <http://www.timberland.com>.

Why do you think Timberland has been so successful? The product area is considered by many experts to be the most important element of the marketing mix. For example, Booz, Allen & Hamilton, a business consulting company, noted a number of years ago, "If it is accepted that products are the medium of business conduct, then business strategy is fundamentally product planning."

Of course, a key element in product planning is the matching of products with consumer markets. Although products may be the medium of business conduct from the producer's viewpoint, the exchange of consumer assets for products is the acid test that determines whether products will succeed or fail.

In this chapter we focus on product strategy and some consumers' product-related affect and cognition, behavior, and environmental factors. Exhibit 16.1 provides the framework for this chapter and lists the topics to be discussed. Although many of the topics previously discussed in our text concern consumer-product relationships, the topics in this chapter have special relevance for product strategy. We begin by investigating product affect and cognition, behavior, and environmental elements and then discuss product strategy in terms of a number of characteristics that influence product success.

Product Affect and Cognition

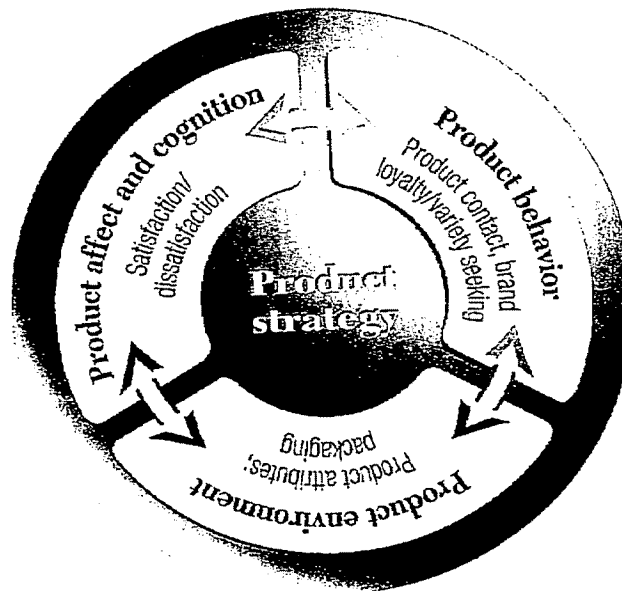
Much of our discussion of affect and cognition in Section 2 of this text focused on products and how consumers feel about, interpret, and integrate information about them. One area of research that deserves special consideration in product strategy concerns *satisfaction/dissatisfaction*.

Satisfaction/Dissatisfaction

Consumer satisfaction is a critical concept in marketing thought and consumer research. It is generally argued that if consumers are satisfied with a product, service, or brand, then they will be more likely to continue to purchase it and tell others of their

Exhibit 16.1





The Wheel of Consumer Analysis: Product Strategy Issues



favorable experiences with it. If they are dissatisfied, they will be more likely to switch products or brands and complain to manufacturers, retailers, and other consumers.

Given its importance to marketing strategy, satisfaction has been the subject of considerable academic and practitioner consumer research. Although there are a variety of theories and approaches to studying satisfaction, the *expectancy disconfirmation with performance approach* is the most current formulation.¹ Basically, this approach views consumer satisfaction as the degree to which a product or service provides a pleasurable level of consumption-related fulfillment.² In other words, it is the degree to which a product's performance exceeds the consumer's expectations for it. A more complete view of this approach is shown in Exhibit 16.2. **Prepurchase expectations** are the consumer's beliefs about anticipated performance of the product and **postpurchase perceptions** are the consumer's thoughts about how well the product performed. **Disconfirmation** refers to the difference between the two.

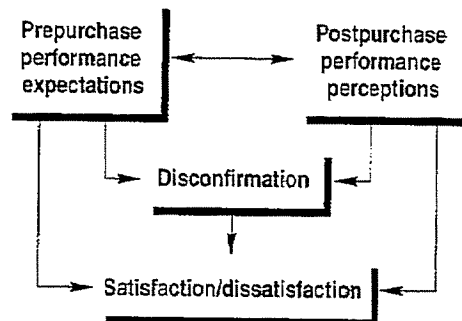
There are three types of disconfirmation. First, there is *positive disconfirmation*, which occurs when product performance is better than expected. This situation is thought to lead to satisfaction or a pleasurable level of fulfillment. For example, suppose a consumer expected a Gateway 2000 computer to be pretty good but not as good as an IBM. After buying and using one, the consumer perceived it to be even better than an IBM. In this case, the consumer's expectations would be positively disconfirmed and the theory would suggest that she or he would be satisfied. Second, there is *negative disconfirmation* which occurs when product performance is worse than expected. This situation is thought to lead to **dissatisfaction**. For ex-

	<h2 style="margin: 0;">Jerry's Subs and Pizza</h2>																				
<p>Thank you for dining with us today. Our goal is to provide our customers with the very best products and service possible. Your opinions are very important to us. In order to better serve you, would you please take a moment to complete this comment card and drop it in our suggestion box. Thank You!</p>																					
<p>1. Was today your first visit to our restaurant? YES <input type="checkbox"/> NO <input type="checkbox"/></p> <p>2. Time: _____ Date: _____ Food - A&W <input type="checkbox"/> Food - Jerry's Subs & Pizza <input type="checkbox"/></p> <p>3. How would you rate your experience today? (Please check)</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 60%;">QUALITY (taste, temperature)</td> <td>Excellent <input type="checkbox"/></td> <td>Good <input type="checkbox"/></td> <td>Fair <input type="checkbox"/></td> <td>Poor <input type="checkbox"/></td> </tr> <tr> <td>SERVICE (prompt, courteous, friendly)</td> <td>Excellent <input type="checkbox"/></td> <td>Good <input type="checkbox"/></td> <td>Fair <input type="checkbox"/></td> <td>Poor <input type="checkbox"/></td> </tr> <tr> <td>VALUE FOR MONEY SPENT</td> <td>Excellent <input type="checkbox"/></td> <td>Good <input type="checkbox"/></td> <td>Fair <input type="checkbox"/></td> <td>Poor <input type="checkbox"/></td> </tr> <tr> <td>CLEANLINESS (restaurant, bathrooms)</td> <td>Excellent <input type="checkbox"/></td> <td>Good <input type="checkbox"/></td> <td>Fair <input type="checkbox"/></td> <td>Poor <input type="checkbox"/></td> </tr> </table> <p style="text-align: center; font-size: small;">(If fair or poor, please comment below)</p> <p>4. Would you return based on your experience here today? Yes <input type="checkbox"/> No <input type="checkbox"/></p> <p>5. If a problem occurred, was it resolved to your satisfaction? Yes <input type="checkbox"/> No <input type="checkbox"/></p> <p>6. Age Group: Under 15 <input type="checkbox"/> 15-20 <input type="checkbox"/> 21-30 <input type="checkbox"/> 31-40 <input type="checkbox"/> Above 40 <input type="checkbox"/></p> <p>7. Number in party: _____ COMMENTS - SUGGESTIONS: _____</p>		QUALITY (taste, temperature)	Excellent <input type="checkbox"/>	Good <input type="checkbox"/>	Fair <input type="checkbox"/>	Poor <input type="checkbox"/>	SERVICE (prompt, courteous, friendly)	Excellent <input type="checkbox"/>	Good <input type="checkbox"/>	Fair <input type="checkbox"/>	Poor <input type="checkbox"/>	VALUE FOR MONEY SPENT	Excellent <input type="checkbox"/>	Good <input type="checkbox"/>	Fair <input type="checkbox"/>	Poor <input type="checkbox"/>	CLEANLINESS (restaurant, bathrooms)	Excellent <input type="checkbox"/>	Good <input type="checkbox"/>	Fair <input type="checkbox"/>	Poor <input type="checkbox"/>
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<p>As a special Thank You for completing this form . . .</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 60%; vertical-align: top;"> NAME: _____ ADDRESS: _____ TELEPHONE (optional) _____ </td> <td style="width: 40%; text-align: center; vertical-align: middle;"> <p>We would like to mail you a coupon for a FREE A&W ROOT BEER</p>  </td> </tr> </table> <p style="text-align: center; font-weight: bold;">We appreciate and value your comments and patronage!</p>		NAME: _____ ADDRESS: _____ TELEPHONE (optional) _____	<p>We would like to mail you a coupon for a FREE A&W ROOT BEER</p> 																		
NAME: _____ ADDRESS: _____ TELEPHONE (optional) _____	<p>We would like to mail you a coupon for a FREE A&W ROOT BEER</p> 																				

A survey designed to
measure consumer
satisfaction with a restaurant
Courtesy Jerry's Subs and
Pizzas.

Exhibit 16.2

An Expectancy Disconfirmation Approach to Satisfaction



Source: Based on Richard L. Oliver, *Satisfaction: A Behavioral Perspective on the Consumer* (New York: McGraw-Hill, 1997), chap. 4.

ample, if the consumer perceived the Gateway 2000 computer to be far worse than an IBM after using it, then she or he would be negatively disconfirmed and the theory suggests that the consumer would be dissatisfied. Finally, there is *neutral disconfirmation* in which performance perceptions just meet expectations. Whether the consumer is satisfied or not in this case depends on other variables, such as the levels of expectation and performance.

Consumer research has generally supported this approach and it has been used to investigate consumer dissatisfaction and complaint behavior. Several generalizations about these have been offered:

1. Those who complain when dissatisfied tend to be members of more upscale socioeconomic groups than those who do not complain.
2. Personality characteristics, including dogmatism, locus of control, and self-confidence, are only weakly related to complaint behavior, if at all.
3. The severity of dissatisfaction or problems caused by the dissatisfaction are positively related to complaint behavior.
4. The greater the blame for the dissatisfaction placed on someone other than the one dissatisfied, the greater the likelihood of a complaint.
5. The more positive the perception of retailer responsiveness to consumer complaints, the greater the likelihood of a complaint.³

Not all consumer researchers agree with the disconfirmation paradigm, however. One alternative is the *balancing paradigm* suggested by Fournier and Mick.⁴ This approach argues that satisfaction should be studied more broadly than at the level of a single transaction. From this perspective, satisfaction is a more active and dynamic phenomenon that changes across time with usage and other situational factors. Satisfaction with products can also be strongly influenced by the satisfaction of other household members. Meaning and emotions are viewed as critical components of satisfaction with products across time.

Product Behavior

From a strategic viewpoint, a major objective of marketing is to increase the probability and frequency of consumers coming into contact with products, purchasing and using them, and repurchasing them. We will discuss this objective in terms of two classes of consumer behavior—product contact and brand loyalty.

Product Contact

When we introduced the idea of *product contact* in this text, we discussed it in terms of a common retail purchase sequence. We argued that in the context of a retail store purchase, product contact involved behaviors such as locating the product in the store, examining it, and taking it to the checkout counter. In addition, a number of marketing tactics designed to increase product contact were mentioned.

Product contact can occur in other ways besides visits to retail stores. For example, many students may become familiar with personal computers from courses taken in school. When the time comes to purchase a personal computer, the product contact at school may strongly influence the brand purchased. Computer firms seem aware of this possibility, for they frequently donate their products to universities or offer them at reduced costs.

Consumers may come in contact with products and experience them in a variety of other ways. The consumer may receive a free sample in the mail or on the doorstep

TAB C

Marketing Management

TWELFTH EDITION

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Northwestern University

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PART 3 CONNECTING WITH CUSTOMERS

aisles to interact with customers and answer questions. There is a high-quality salad bar, fresh bread baked every four hours, and indications of when produce arrived, including the farmers' pictures. Superquinn also operates a child-care center. It offers a loyalty program that gives points for the amount purchased and for discounting anything wrong with the store, such as dented cans or bad tomatoes. The loyalty card is recognized by a dozen other firms (a bank, gas station, etc.) who give points for purchasing at their establishments. Because everything is done to exceed normal customer expectations, Superquinn stores enjoy an almost-cult following.¹¹

Total Customer Satisfaction

Whether the buyer is satisfied after purchase depends on the offer's performance in relation to the buyer's expectations. In general, **satisfaction** is a person's feelings of pleasure or disappointment resulting from comparing a product's perceived performance (or outcome) in relation to his or her expectations. If the performance falls short of expectations, the customer is dissatisfied. If the performance matches the expectations, the customer is satisfied. If the performance exceeds expectations, the customer is highly satisfied or delighted.¹²

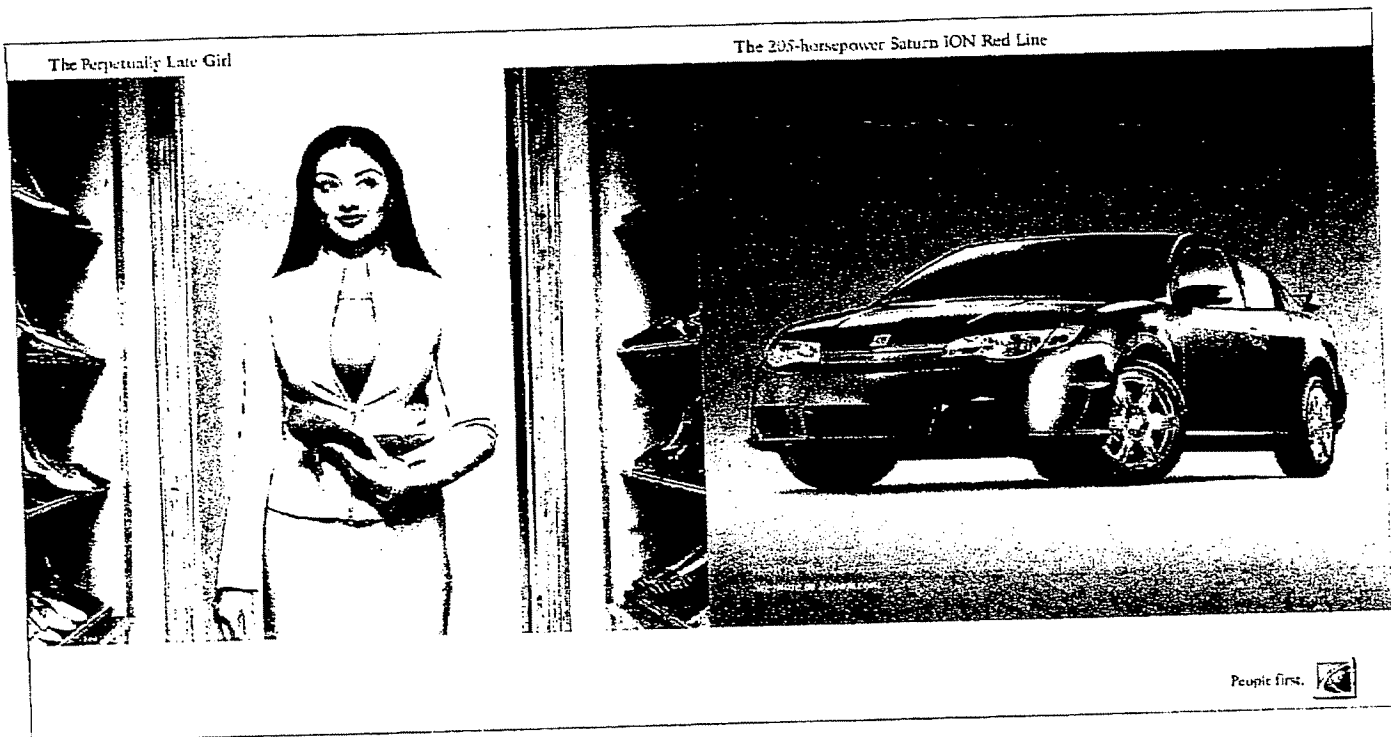
Although the customer-centered firm seeks to create high customer satisfaction, that is not its ultimate goal. If the company increases customer satisfaction by lowering its price or increasing its services, the result may be lower profits. The company might be able to increase its profitability by means other than increased satisfaction (for example, by improving manufacturing processes or investing more in R&D). Also, the company has many stakeholders, including employees, dealers, suppliers, and stockholders. Spending more to increase customer satisfaction might divert funds from increasing the satisfaction of other "partners." Ultimately, the company must operate on the philosophy that it is trying to deliver a high level of customer satisfaction subject to delivering acceptable levels of satisfaction to the other stakeholders, given its total resources.

How do buyers form their expectations? From past buying experience, friends' and associates' advice, and marketers' and competitors' information and promises. If marketers raise expectations too high, the buyer is likely to be disappointed. However, if the company sets expectations too low, it won't attract enough buyers (although it will satisfy those who do buy).¹³ Some of today's most successful companies are raising expectations and delivering performances to match. When General Motors launched the Saturn car division, it changed the whole buyer-seller relationship with a New Deal for car buyers: There would be a fixed price (none of the traditional haggling); a 30-day guarantee or money back; and salespeople on salary, not on commission (none of the traditional hard sell).¹⁴ Look at what high satisfaction can do.

JetBlue

JetBlue Airways, founded in New York in 1999, significantly raised customer expectations of low-fare carriers. With its brand new Airbus jets, comfy leather seats, live satellite TV, free wireless Internet access, and a consumer-friendly policy of never bumping a passenger, it has inspired lots of low-fare/high-service copycats. Like pioneer Southwest, where JetBlue's CEO David Neeleman tried out his wings, JetBlue finds employees who know how to keep customers coming back. He asks each person he hires to follow a few corporate commandments known as the Values, including safety, caring, integrity, fun, and passion. Even CEO Neeleman and the pilots get on their hands and knees to pick trash out from between seats and scrub the restrooms to prep planes for the next trip. The pitch-in prepping keeps turnaround time down, another reason more and more customers come to JetBlue. The proof is in the numbers: While almost every other airline is drowning in red ink, JetBlue is in the black. In 2003 the airline pulled in a \$104 million profit on revenues of \$998 million. It now carries more people from New York to Fort Lauderdale than any other airline.¹⁵

A customer's decision to be loyal or to defect is the sum of many small encounters with the company. Consulting firm Forum Corporation says that in order for all these small encounters to add up to customer loyalty, companies need to create a "branded customer experience." Here is how San Francisco's Joie de Vivre chain does this.



This Saturn Ion ad looks like a lot of other car ads. But buying a Saturn has unique advantages: no haggling over price, a 30-day money-back guarantee, and salespeople on salary, not commission.

Joie de Vivre Hospitality Inc., operates a chain of boutique hotels, restaurants, and resorts in the San Francisco area. Each property's unique décor, quirky amenities, and thematic style are often loosely based on popular magazines. For example, the Hotel del Sol—a converted motel bearing a yellow exterior and surrounded by palm trees wrapped with festive lights—is described as “kind of *Martha Stewart Living* meets *Islands* magazine.”¹⁶ Two Silicon Valley hotels offer guests high-speed Internet connections in their rooms and by the pool.¹⁷ The boutique concept enables the hotels to offer personal touches such as vitamins in place of chocolates on pillows. Joie de Vivre now owns the largest number of independent hotel properties in the Bay Area.

Measuring Satisfaction

Many companies are systematically measuring customer satisfaction and the factors shaping it. For example, IBM tracks how satisfied customers are with each IBM salesperson they encounter, and makes this a factor in each salesperson's compensation.

A company would be wise to measure customer satisfaction regularly because one key to customer retention is customer satisfaction. A highly satisfied customer generally stays loyal longer, buys more as the company introduces new products and upgrades existing products, talks favorably about the company and its products, pays less attention to competing brands and is less sensitive to price, offers product or service ideas to the company, and costs less to serve than new customers because transactions are routine.

The link between customer satisfaction and customer loyalty, however, is not proportional. Suppose customer satisfaction is rated on a scale from one to five. At a very low level of customer satisfaction (level one), customers are likely to abandon the company and even bad-mouth it. At levels two to four, customers are fairly satisfied but still find it easy to switch when a better offer comes along. At level five, the customer is very likely to repurchase and even spread good word of mouth about the company. High satisfaction or

PART 3 CONNECTING WITH CUSTOMERS

delight creates an emotional bond with the brand or company, not just a rational preference. Xerox's senior management found out that its "completely satisfied" customers were six times more likely to repurchase Xerox products over the following 18 months than its "very satisfied" customers.¹⁸

When customers rate their satisfaction with an element of the company's performance—say, delivery—the company needs to recognize that customers vary in how they define good delivery. It could mean early delivery, on-time delivery, order completeness, and so on. The company must also realize that two customers can report being "highly satisfied" for different reasons. One may be easily satisfied most of the time and the other might be hard to please but was pleased on this occasion.¹⁹

A number of methods exist to measure customer satisfaction. *Periodic surveys* can track customer satisfaction directly. Respondents can also be asked additional questions to measure repurchase intention and the likelihood or willingness to recommend the company and brand to others. Paramount attributes the success of its five theme parks to the thousands of Web-based guest surveys it sends to customers who have agreed to be contacted. During the past year, the company conducted more than 55 Web-based surveys and netted 100,000 individual responses that described guest satisfaction on topics including rides, dining, shopping, games, and shows.²⁰

Companies can monitor the *customer loss rate* and contact customers who have stopped buying or who have switched to another supplier to learn why this happened. Finally, companies can hire *mystery shoppers* to pose as potential buyers and report on strong and weak points experienced in buying the company's and competitors' products. Managers themselves can enter company and competitor sales situations where they are unknown and experience firsthand the treatment they receive, or phone their own company with questions and complaints to see how the calls are handled.

For customer satisfaction surveys, it's important that companies ask the right questions. Frederick Reichheld suggests that perhaps only one question really matters: "Would you recommend this product or service to a friend?" He maintains that marketing departments typically focus surveys on the areas they can control, such as brand image, pricing, and product features. According to Reichheld, a customer's willingness to recommend to a friend results from how well the customer is treated by front-line employees, which in turn is determined by all the functional areas that contribute to a customer's experience.²¹

In addition to tracking customer value expectations and satisfaction, companies need to monitor their competitors' performance in these areas. One company was pleased to find that 80 percent of its customers said they were satisfied. Then the CEO found out that its leading competitor had a 90 percent customer satisfaction score. He was further dismayed when he learned that this competitor was aiming for a 95 percent satisfaction score.

For customer-centered companies, customer satisfaction is both a goal and a marketing tool. Companies need to be especially concerned today with their customer satisfaction level because the Internet provides a tool for consumers to spread bad word of mouth—as well as good word of mouth—to the rest of the world. On Web sites like troublebenz.com and lemonmb.com, angry Mercedes-Benz owners have been airing their complaints on everything from faulty key fobs and leaky sunroofs to balky electronics that leave drivers and their passengers stranded.²²

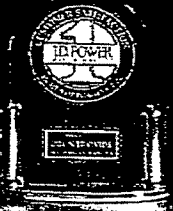
Companies that do achieve high customer satisfaction ratings make sure their target market knows it. When J. D. Power began to rate national home mortgage leaders, Countrywide was quick to advertise its number-one ranking in customer satisfaction. Dell Computer's meteoric growth in the computer systems industry can be partly attributed to achieving and advertising its number-one rank in customer satisfaction.

The University of Michigan's Claes Fornell has developed the American Customer Satisfaction Index (ACSI) to measure the perceived satisfaction consumers feel with different firms, industries, economic sectors, and national economies.²³ Examples of firms that led their respective industries with high ACSI scores in 2003 are Dell (78), Cadillac (87), FedEx (82), Google (82), Heinz (88), Kenmore (84), Southwest Airlines (75), and Yahoo! (78).

Product and Service Quality

Satisfaction will also depend on product and service quality. What exactly is quality? Various experts have defined it as "fitness for use," "conformance to requirements," "freedom from variation," and so on.²⁴ We will use the American Society for Quality Control's definition: **Quality** is the totality of features and characteristics of a product or service that bear on its ability to satisfy stated or implied needs.²⁵ This is clearly a customer-centered definition. We

**HOW DOES A
LENDER WIND UP
THE LEADER IN
CUSTOMER
SATISFACTION?**



**EASY.
ONE HAPPY
CUSTOMER
AT A TIME.**

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Countrywide has been making customers happy for over 30 years. And this year Countrywide ranks #1 in customer satisfaction by J.D. Power and Associates from first contact to final loan payment. Countrywide is a way there for you. We're there with experienced loan experts who can help find the right solution for you. We're there with a wide selection of loan programs to help you get approved. We're there with rate protection and a 10-day close guarantee. And we're there for you online, on the phone or at over 400 branches. To experience the satisfaction only Countrywide can deliver, go to countrywide.com or call 1.800.EASY.977.

Countrywide
HOME LOANS
Easy. Really.

A Countrywide ad touts its #1 Customer Satisfaction rating from J. D. Power and Associates. Ratings like these are important to a customer-centered company, because word of mouth, good and bad, spreads so quickly on the Internet.

can say that the seller has delivered quality whenever the seller's product or service meets or exceeds the customers' expectations. A company that satisfies most of its customers' needs most of the time is called a quality company, but it is important to distinguish between *conformance* quality and *performance* quality (or grade). A Lexus provides higher performance quality than a Hyundai: The Lexus rides smoother, goes faster, and lasts longer. Yet both a Lexus and a Hyundai can be said to deliver the same conformance quality if all the units deliver their respective promised quality.

Total quality is the key to value creation and customer satisfaction. Total quality is everyone's job, just as marketing is everyone's job. This idea was expressed well by Daniel Beckham:

Marketers who don't learn the language of quality improvement, manufacturing, and operations will become as obsolete as buggy whips. The days of functional marketing are gone. We can no longer afford to think of ourselves as market researchers, advertising people, direct marketers, strategists—we have to think of ourselves as customer satisfiers—customer advocates focused on whole processes.²⁶

Marketing managers have two responsibilities in a quality-centered company. First, they must participate in formulating strategies and policies to help the company win through total quality excellence. Second, they must deliver marketing quality alongside production quality. Each marketing activity—marketing research, sales training, advertising, customer service, and so on—must be performed to high standards.

Total Quality Management

The quest to maximize customer satisfaction led some firms to adopt total quality management principles. Total quality management (TQM) is an organization-wide approach to continuously improving the quality of all the organization's processes, products, and services.